

Mission

Debt Service provides funds sufficient to make annual interest and principal payments on County debt obligations borrowed for capital expenditures. By statute, the County's outstanding debt is restricted to 5% of the equalized value of all property in the County.

Policy

The County structures its debt borrowing issues to maintain annual debt service payments to avoid major fluctuations between years. Promissory notes are amortized with larger payments in the final years to integrate new debt with existing debt to achieve stability in annual payments and impact on future budgets.

The County uses debt borrowing to fund no more than 80 percent of net (after revenues applied) capital budget expenditures for a moderate term of between nine or ten years and to manage debt service to comprise no greater than 10% of total governmental operating expenditure budget, excluding proprietary funds and capital project funds.

By state statute, the County's debt obligations cannot exceed 5% of the equalized value of all property in the County. The County will have over 95% of its debt limit available after including the planned 2006 debt issue of \$12.0 million. See "Financial Management Policies" - Revenues and Debt Policies.

By State Statute, there is separate property tax levy rate limits for debt service levy. The baseline for the limit is the 1992 tax rate adopted for the 1993 budget (for more information see Financial Management Policies-Property Tax Levy Rate Limits section). The 2006 budget is well within the tax rate limitation contained in state law.

The 2006 budget also meets both the tax levy limit as adopted in the State 2005-2007 budget and as submitted by the Legislature prior to the Governor's partial veto modification. To comply with the Legislature's version, no new levy is proposed for any borrowing after July 1, 2005.

Based on the current five year Capital Projects Plan, debt service expenditures are structured to be no greater than ten percent of the estimated total governmental funds operating expenditures for each budget year through the final year of debt repayment. See "Debt Service Activity" (next page).

General Debt Service Fund

This fund includes general County debt obligations related to capital project expenditures in governmental funds.

<u>Expenditures</u>	<u>2004 Actual *</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Based on Prior Years</u>	<u>Impact of 2006 Issue</u>	<u>2006 Budget</u>	<u>Budget Change</u>
Principal	\$9,400,000	\$8,715,000	\$8,715,000	\$9,625,000		\$9,625,000	\$910,000
Interest Expense	<u>\$3,040,550</u>	<u>\$3,371,251</u>	<u>\$3,003,589</u>	<u>\$2,980,914</u>	<u>\$500,000</u>	<u>\$3,480,914</u>	<u>\$109,663</u>
TOTAL DEBT	\$12,440,550	\$12,086,251	\$11,718,589	\$12,605,914	\$500,000	\$13,105,914	\$1,019,663
Fund balance appr.	\$1,400,000	\$1,150,000 (a)	\$1,150,000	\$850,000 (b)	\$500,000 (d)	\$1,350,000	\$200,000
TAX LEVY	\$11,040,550	\$10,936,251	\$10,568,589	\$11,755,914 (c)	\$0 (d)	\$11,755,914	\$819,663

*Excludes an additional \$2.8 million for the early redemption of the entire \$4.8 million of the remaining 1997 debt, resulting in interest expense saving estimated at \$113,400. The adopted budget included \$2 million for the debt due December, 2004. The additional \$2.8 million expenditure was funded with General Fund Balance.

- (a) 2005 budget Includes designated 2004 investment income (prior year revenue) of \$300,000, debt services fund balance of \$350,000 and jail assessment revenue from prior years of \$500,000.
- (b) 2006 budget includes designated 2005 investment income (prior year revenue) of \$250,000 and jail assessment revenue from prior years of \$600,000.
- (c) Tax levy is associated with debt issued prior to July, 2005
- (d) New debt is funded by non-levy sources including designated 2005 investment income (prior year revenue) of \$50,000 and debt service fund balance of \$450,000.

Debt Service Ratio

Debt service as a percent of total governmental operating expenditures, excluding proprietary funds and capital project funds, is a measure of debt service impact to operations. As a fixed cost, debt issues are structured to maintain debt service at less than ten percent of the total governmental operating expenditures in future County budgets. Projected debt includes debt expected to be issued for capital projects in future years of the 2006-2010 Five-Year Capital Projects Plan. Projected expenditures assume a 5.0% annual growth rate after 2006 and includes an estimated court facility expansion impact of up to \$0.5 million in 2009.

(Millions)	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Actual*	Actual*	Actual*	Estimate	Budget	Projected	Projected	Projected	Projected
Gov. Oper.*	\$169.2	\$175.3	\$187.7	\$198.5	\$208.4	\$218.8	\$229.7	\$241.2	\$253.3
Debt Ser.**	\$11.5	\$12.0	\$12.4	\$11.7***	\$13.1	\$13.7	\$14.7	\$15.9	\$17.1
Ratio (%)	6.8%	6.9%	6.6%	5.9%	6.3%	6.2%	6.4%	6.6%	6.7%

*Excludes proprietary fund operating expenditures.

**Does not include refunding and debt redemption activity.

*** 2005 was reduced due to a redemption of 1997 debt that allowed debt service to be reduced to accommodate increased expenditures associated with opening of the jail expansion in 2005.

Debt Outstanding

Debt outstanding is the outstanding principal on general obligation bonds for which the County has pledged its full faith, credit and unlimited taxing power.

Year Issue (a)	Budget Year	Final Payment Year	Amount Issued	True Interest Cost	Outstanding Debt
2005 GOPN	2005	2015	\$14,400,000	3.79%	\$14,400,000
2004 GOPN	2004	2014	\$14,000,000	2.85%	\$12,500,000
2003 GOPN	2003	2013	\$13,500,000	3.56%	\$12,575,000
2002 GOPN	2002	2012	\$14,600,000	4.25%	\$13,200,000
2001B GOPN	2001	2010	\$9,900,000	4.30%	\$8,350,000
2000 GOPN	2000	2009	\$9,900,000	5.00%	\$7,000,000
1999 GOPN	1999	2008	\$9,800,000	4.21%	\$5,900,000
1998 GOPN	1998	2007	\$9,800,000	4.28%	\$3,225,000
TOTAL DEBT 12/31/05					\$77,150,000
2006 BUDGET					<u>\$12,000,000</u>
TOTAL DEBT					<u><u>\$89,150,000</u></u>

(a) GOPN=General Obligation Promissory Note

Outstanding Debt Limit

By statute, the County's outstanding debt is limited to 5% of the equalized value of all County property.

	2004 12/31	2005 Budget Year	2006 Budget Year
Equalized Value (b)	\$37,450,170,400	\$40,939,573,700	\$45,451,031,200
Debt Limit (5% x equalized value)	\$1,872,508,520	\$2,046,978,685	\$2,272,551,560
Outstanding Debt (c)	\$71,465,000	\$77,150,000	\$89,150,000
Available Debt	\$1,801,043,520	\$1,969,828,685	\$2,183,401,560
Percent of Debt Limit Available	96.2%	96.2%	96.1%

(b) Total County equalized value including Tax Incremental Districts for budget year purposes.

(c) Includes anticipated 2006 debt issue of \$12.0 million.

Debt Service

Debt Service

Schedule

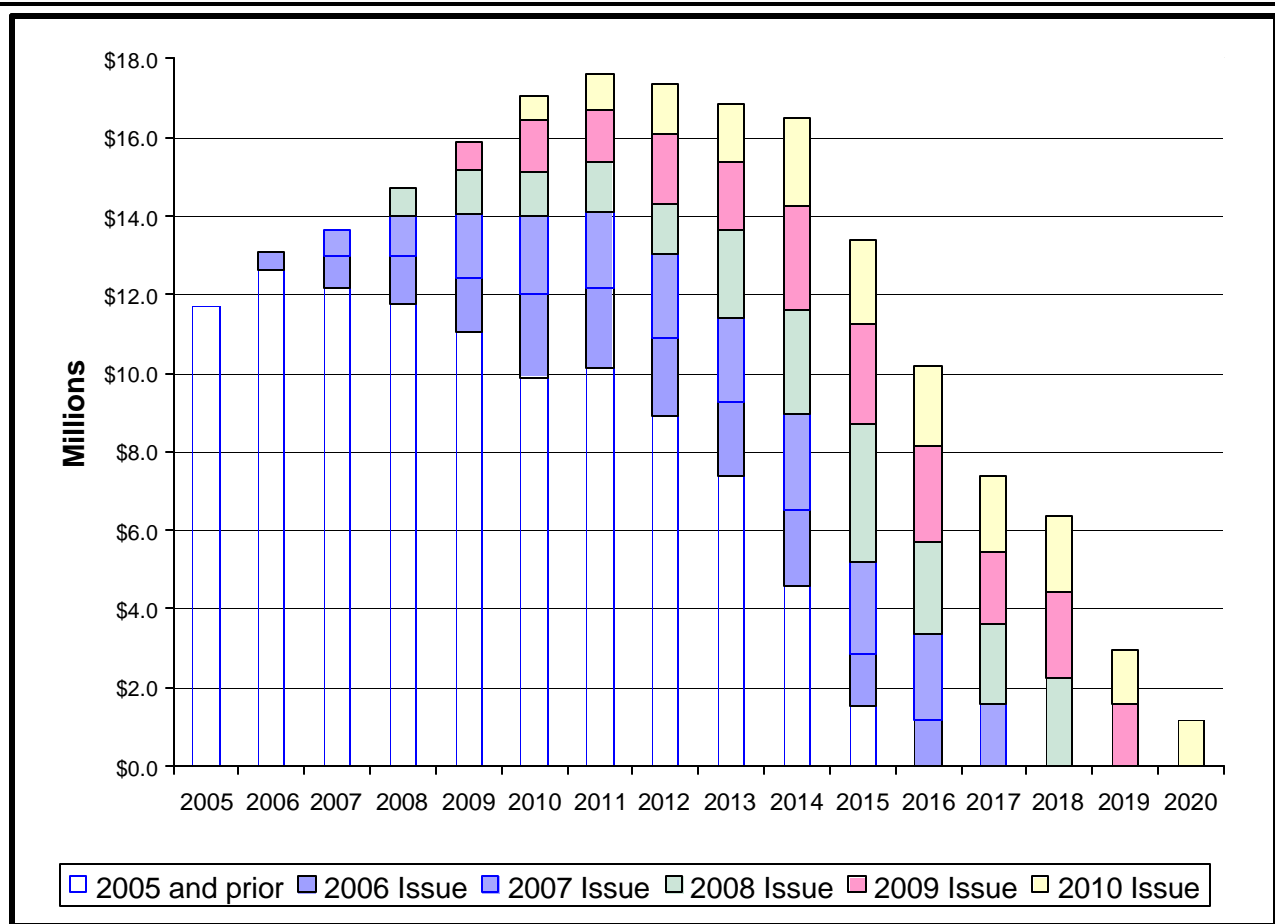
SCHEDULE OF CURRENT AND PROPOSED DEBT SERVICE REQUIREMENTS

	1998 GOPN	1999 GOPN	2000 GOPN	2001B GOPN	2002 GOPN	2003 GOPN	2004 GOPN	2005 GOPN	2006 GOPN	Total
<u>2006</u>										
Principal	1,975,000	2,000,000	2,000,000	1,100,000	1,125,000	425,000	1,000,000	0	0	9,625,000
Interest	135,450	247,700	350,000	375,750	539,338	425,388	342,475	564,813	500,000	3,480,914
2006 Budget Total										13,105,914
<u>2007</u>										
Principal	1,250,000	2,000,000	2,000,000	1,650,000	1,425,000	700,000	300,000	250,000	200,000	9,775,000
Interest	52,500	165,700	250,000	326,250	486,913	410,450	327,850	560,438	600,000	3,180,103
<u>2008</u>										
Principal		1,900,000	1,800,000	1,850,000	1,825,000	1,000,000	400,000	855,000	600,000	10,230,000
Interest		81,700	150,000	252,000	418,206	385,825	319,725	541,100	590,000	2,738,556
<u>2009</u>										
Principal			1,200,000	2,250,000	2,400,000	1,350,000	1,100,000	1,040,000	800,000	10,140,000
Interest			60,000	168,750	328,425	350,575	300,675	506,638	560,000	2,275,063
<u>2010</u>										
Principal				1,500,000	2,000,000	2,350,000	1,500,000	1,225,000	1,600,000	10,175,000
Interest				67,500	234,925	290,962	265,750	464,169	520,000	1,843,306
<u>2011</u>										
Principal					2,275,000	2,975,000	2,100,000	1,820,000	1,600,000	10,770,000
Interest					143,513	198,050	214,938	404,800	440,000	1,401,301
<u>2012</u>										
Principal					2,150,000	1,425,000	2,200,000	2,505,000	1,600,000	9,880,000
Interest					47,300	117,781	153,125	318,300	360,000	996,506
<u>2013</u>										
Principal						2,350,000	2,200,000	2,470,000	1,600,000	8,620,000
Interest						45,531	87,950	218,800	280,000	632,281
<u>2014</u>										
Principal							1,700,000	2,745,000	1,700,000	6,145,000
Interest							27,200	114,500	200,000	341,700
<u>2015</u>										
Principal								1,490,000	1,200,000	2,690,000
Interest								29,800	115,000	144,800
<u>2016</u>										
Principal									1,100,000	1,100,000
Interest									55,000	55,000
Total Principal	\$3,225,000	\$5,900,000	\$7,000,000	\$8,350,000	\$13,200,000	\$12,575,000	\$12,500,000	\$14,400,000	\$12,000,000	\$89,150,000
Total Interest	<u>\$187,950</u>	<u>\$495,100</u>	<u>\$810,000</u>	<u>\$1,190,250</u>	<u>\$2,198,619</u>	<u>\$2,224,562</u>	<u>\$2,039,688</u>	<u>\$3,723,358</u>	<u>\$4,220,000</u>	<u>\$17,089,521</u>
Total Payment	\$3,412,950	\$6,395,100	\$7,810,000	\$9,540,250	\$15,398,619	\$14,799,562	\$14,539,688	\$18,123,358	\$16,220,000	\$106,239,521

Debt Service

Debt Service

Projected Debt Service



Future debt service is projected based on capital expenditures planned for in the County's five-year capital plan. Debt is managed to maintain debt service payments at less than 10% of each respective budget year governmental operating expenditures. (See Debt Service Activity page)

	2006 5-year plan	2007 5-year plan	2008 5-Year Plan	2009 5-Year Plan	2010 5-Year Plan
Capital Plan Project Costs	\$20,684,700	\$19,732,650	\$19,424,000	\$19,465,200	\$18,283,000
Other Project Funding Sources	\$4,076,600	\$700,000	\$7,000(a)	\$24,000(a)	\$1,212,000(b)
Investment Income on Cash Balances	\$525,000	\$550,000	\$550,000	\$550,000	\$550,000
Tax Levy - Capital Projects	\$4,083,100	\$4,482,650	\$4,867,000	\$4,891,200	\$4,521,000
Borrowed Funds	\$12,000,000	\$14,000,000	\$14,000,000	\$14,000,000	\$12,000,000
Length of Bond Issue-Years	10	10	10	10	9
Interest Rate	5.00%	6.00%	6.00%	6.00%	6.00%

(a) Other funding for project usually is identified as project year nears the budget appropriation year.

(b) Other funding of \$800,000 from Land Information System Funds is tied to related future project with the same cost.